

**MINUTES OF A
SPECIAL BUDGET WORK SESSION AND A
GENERAL WORK SESSION
OF THE JACKSON COUNTY
BOARD OF COMMISSIONERS
HELD ON
MARCH 11, 2021**

The Jackson County Board of Commissioners met in a Special Budget Work Session and a General Work Session on March 11, 2021, 1:00 p.m., at Cullowhee Volunteer Fire Department, 4277 Little Savannah Road, Cullowhee, North Carolina.

Present: Brian McMahan, Chairman	Don Adams, County Manager
Boyce Deitz, Vice Chair	Heather C. Baker, County Attorney
Mark Jones, Commissioner	Angela M. Winchester, Clerk to the Board
Tom Stribling, Commissioner (via Zoom video conferencing)	
Gayle Woody, Commissioner	

Chairman McMahan called the meeting to order.

Mr. Adams stated that the primary purpose of the budget work session was to discuss overall revenues regarding revaluation values and potential tax rates. Also, he invited the Cashiers-Glenville Fire Department Chief and Cullowhee VFD Chief to discuss fire tax. The meeting was also advertised as a general work session to discuss any other business.

(1) COUNTY VALUATION: Tabitha Ashe, Tax Administrator and Darlene Fox, Finance Director, were present for this item.

Ms. Ashe presented: 2021 Real Market Value:

(a) Countywide:

- Market Value: \$12,470,375,980
- Exemption Amount: \$1,452,053,710
- Deferred Amount: \$360,538,500
- Taxable Value: \$10,657,783,770

Notices were mailed out and her office had gone through the entire normal appeals process. They received approximately 1,500, which was less than 4%. They were processing those appeals to determine what value changes would arise.

(b) Eight Fire Districts: Balsam, Canada, Cashiers, Cullowhee, Highlands, Qualla, Savannah, Sylva.

(c) Seventeen Townships: Barkers Creek, Canada, Caney Fork, Cashiers, Cullowhee, Dillsboro City, Dillsboro Rural, Greens Creek, Hamburg, Mountain, Qualla, River, Savannah, Scotts Creek, Sylva City, Sylva Rural, Webster.

(d) Fire Districts – Townships Covered:

- Cashiers: 14,510 taxable parcels: Cashiers (portion of), Hamburg, Mountain (portion of)
- Cullowhee: 6,139 taxable parcels: Canada (portion of), Caney Fork, Cullowhee, Mountain (portion of), River, Scotts Creek (portion of), Sylva Rural (portion of), Webster (portion of)
- Highlands: 305 taxable parcels: Cashiers (portion of)

(e) Real Property Taxable Value Comparison:

Fire District	2020	2021	\$ Diff	% Diff
Cashiers	\$5,141,821,953	\$6,090,662,730	\$948,840,777	18.45%
Cullowhee	\$995,561,600	\$1,197,246,440	\$201,684,840	20.26%
Highlands	\$282,854,366	\$313,783,670	\$30,929,304	10.93%

Ms. Fox presented:

(f) Neutral Property Tax Increase (Decrease):

- Revaluation effective January 1, 2016 Assessed Value 9,151,708,648
- Growth factored in for growth over the next four years:
 - FY17-18: 1.29%
 - FY18-19: 1.63%
 - FY19-20: 2.06%
 - FY20-21: 1.81%
- Revaluation effective FY20-21 used the value presented by Ms. Ashe of 10,657,783,770 and added motor vehicles of 415,301,000. They were holding 100,000,000 in reserve for appeals. This would bring the total to 10,973,084,918.
- The current tax rate: 0.3800
- Tax rate to produce equivalent levy: 0.3390
- Growth factor of 1.70%
- Revenue neutral rate: 0.3447, which gave the same levy plus the growth for the five years
- The numbers were subject to change with the appeals

Informational item.

(2) **CASHIERS-GLENVILLE VOLUNTEER FIRE DEPARTMENT**: Randy Dillard, Fire Chief, Cashiers-Glenville VFD and Ms. Fox were present for this item.

Mr. Adams stated that Chief Dillard would introduce their upcoming budget and request to update the four-year contract with the county.

Chief Dillard stated that they got their fire tax six years ago in July. Their plan was to hire six more people within five years and man another station. They came to the reality that they were better to have them all in Cashiers.

Two years ago, they had a five-year plan and a four-year contract. At that time, they requested a one-year extension from the county. Last year, they worked out a plan to add three more people to give them three per shift and two during the day.

The department purchased the Barrs property, which was the land payment on the budget. Also, Mr. Neely gave them a \$200,000 lot in Wade Hampton, which was where they would build station #7. They also bought a new service truck, which added a payment. They did hold the budget, not asking for any increase during Covid.

(a) Chief Dillard presented: Cashiers-Glenville VFD FY21-22 Budget Proposal:

- Actual FY19-20 Total Expenditures: \$1,156,816.00
- Estimated FY20-21 Total Expenditures: \$1,789,844.00

General discussions were held.

(b) Ms. Fox presented: FY2021-2022 Fire Tax Rates Cashiers Fire Tax:

FY2020-2021 Current Value and Rate	
Value	\$5,141,821,853
Current Rate	0.000233
Tax Amount	\$1,198,044
Collection Rate 97.80%	\$1,171,688
Prior Year Tax	\$15,000
NCVTS	\$15,000
Penalties and Interest	\$4,000
Fund Balance	\$1,412
Amount Available	\$1,207,100
Budget Requested	\$1,207,100
	\$0

1 cent = \$502,870

- Values subject to change

FY2021-2022 Current Value and Rate	
Value	\$6,090,662,730
New Rate	0.000294
Tax Amount	\$1,790,655
Collection Rate 98.13%	\$1,757,170
Prior Year Tax	\$15,000
NCVTS	\$15,000
Penalties and Interest	\$4,000
Fund Balance	
Amount Available	\$1,791,170
Budget Requested	\$1,789,844
Increase	\$1,326

1 cent = \$597,677

Mr. Adams noted that all of this information was estimates. During the audit process they would find out exactly what was collected and what the expenditures were. The fire tax that was collected had to go toward the Cashiers-Glenville Fire Department operations. If there was more money collected than anticipated, it went into a fund balance and rolled over to the next year, which would be available for the department's expenditures or unexpected costs in the next year.

General discussions were held.

Informational item.

(3) CULLOWHEE VOLUNTEER FIRE DEPARTMENT: Tim Green, Fire Chief, Cullowhee VFD; Terry Ashe of the Cullowhee VFD; and Ms. Fox were present for this item.

Chief Green stated that the Cullowhee Fire Department had been serving with pride and professionalism, the residents and visitors of Cullowhee and the county for over 60 years. They started as a small station on the grounds of WCU and grew to one main station with three substations. Currently, the department had 34 members.

The growth in the department was based on the needs of the community. From 2014 to 2020, they responded to 4,944 calls for service requiring over 24,820 hours from volunteers. They also participated in over 25,072 hours of training. On average, they responded to approximately 2.5 calls per day with an average of three hours per given by the volunteers. One-third of the members had served the community for over 20 years with several approaching 40 years. People were not volunteering at the rate they had in the past. With the average training time of five years to be fully certified, the turnover rate of certified members was not keeping up with the demand.

The department's continuous work over the last decade led them to obtain a Class 5 rating in the last year. The significance of the rating related directly to what residents paid in homeowner's insurance. To keep this rating required many items that had to be documented and maintained. They were required to maintain a certain number of stations, substations, fire apparatuses, number of certified members, response times, required number of training hours, test the 236 fire hydrants and water points in their district and maintain 626 pre-plans per year.

They had one paid member that worked during the week. When a call for service was paged out, this person had a truck in route within two minutes. On nights and weekends, when the station was unmanned, the average response time for a truck in route was ten minutes. Having full-time paid members would also allow them to serve the community better by giving them the staff to respond to all emergency medical calls, where they currently only responded to the dire medical calls.

Their goal for the last 60 years had been to serve the community to the best of their ability with the utmost professionalism. To continue this goal, they felt they had no other choice but to request approval to allow them to receive the fire tax. They understood the financial magnitude this would have on residents and they were not making the request without their due diligence and extreme thoughtfulness.

By having a paid-volunteer department, they would be financially able to maintain and improve current services. Paid members would be available to the community 24/7 365 days a year. The response times would be significantly lowered and maintained. It would also ensure that the required maintenance of stations and equipment and certified personnel training was met to maintain or improve the Class 5 rating from the state. The volunteers were and would continue to be the backbone of the department. This would allow them to continue to serve the community without the excessive demand of their time.

General discussions were held.

(a) Mr. Ashe presented: Cullowhee VFD FY21-22 Budget Proposal:

- FY21-22 Budget without additional full-time employees: \$668,500
- Calculations to add eight full-time employees to staff department 24/7: \$544,600
- Grand total with added employees: \$1,213,100

Mr. Adams stated that the state had a list of properties, including universities. The state would allocate a certain amount of money to be used for fire protection for those properties. The total real property value in Cullowhee, after the revaluation was \$1,197,246,440. The university properties were at least \$400,000,000. When the Board started having a conversation about justification to move forward, they would need to look at density and those types of things. There was \$400,000,000 in value for the state and they were providing approximately \$100,000 and WCU Foundation gave an additional 18,000 to the department for fire service.

General discussions were held.

(b) Ms. Fox presented: FY2021-2022 Fire Tax Rates Cullowhee Fire Tax:

FY2020-2021 Proposed Value and Rate	
Value	\$1,197,246,440
Current Rate	0.001205
Tax Amount	\$1,442,682
Collection Rate 98.13%	\$1,415,704
Prior Year Tax	-
NCVTS	-
Penalties and Interest	-
Amount Available	\$1,415,704
Budget Requested	\$1,213,100
Debt – Building	<u>\$200,270</u>
Total Requested	\$1,413,370
	\$2,333

FY2021-2022 Current Value and Rate	
Value	\$1,197,246,440
Current Rate	0.001035
Tax Amount	\$1,239,150
Collection Rate 98.13%	\$1,215,978
Prior Year Tax	-
NCVTS	-
Penalties and Interest	-
Amount Available	\$1,215,978
Budget Requested	\$1,213,100
Debt – Building	-
Total Requested	\$1,213,100
	\$2,878

Required Tax Rate: 12.05 cents/\$100

10.35 cents/\$100

- 1 cent = \$117,486
- FY 2020-2021 Value: \$995,561,600
- Values subject to change

General discussions were held.

Informational item.

(4) HIGHLANDS VOLUNTEER FIRE DEPARTMENT: Ms. Fox presented: FY2021-2022 Fire Tax Rates Highlands Fire Tax:

FY2020-2021 Current Value and Rate	
Value	\$282,854,366
Current Rate	0.000305
Tax Amount	\$86,271
Collection Rate 97.80%	\$84,373
Prior Year Tax	-
NCVTS	\$100
Penalties and Interest	\$250
Amount Available	\$84,723
Budget Requested	\$84,000
	\$723

1 cent = \$27,668

- Values subject to change

Informational item.

FY2021-2022 Current Value and Rate	
Value	\$313,783,670
New Rate	0.000272
Tax Amount	\$85,349
Collection Rate 98.13%	\$83,753
Prior Year Tax	
NCVTS	\$100
Penalties and Interest	\$250
Amount Available	\$84,103
Budget Requested	\$84,000
Increase	\$103

1 cent = \$30,792

(5) FIRE TAX METHODS OF IMPLEMENTATION: Mr. Adams stated there were three primary taxing methods available to counties to fund fire protection services within its jurisdiction. These methods include general property taxation, creating a fire service district and/or creating a Rural Fire Protection District. Descriptions of each were as follows:

(a) General Property Taxation: Property taxes were the largest revenue source for the county, representing almost 57% of the total general fund revenues. The North Carolina Constitution permits counties the power of taxation for public purposes only. Fire protection services were considered a public purpose. The Board of Commissioners sets the tax rate annually through the budget process. North Carolina Law required counties to hold a public hearing regarding the proposed budget prior to adoption. Tax rates must be set/approved by the Board of Commissioners annually prior to July 1st of each fiscal year.

The county's general fund tax rate must be applied uniformly throughout the county to all property (real, personal and registered vehicles). The county scheduled a public hearing to take place on June 1, 2021. Adoption of the budget ordinance (included setting tax rates and approving budget) was scheduled to take place on June 15, 2021.

The county currently used general taxation authority to fund six volunteer fire departments. These departments included Cullowhee, Sylva, Savannah, Balsam, Canada and Qualla. The county would expend \$1,555,470 in current FY20-21 supporting these fire operations.

(b) Creating a Fire Service District: The North Carolina Constitution carves out an exception to the general rule of uniform taxation, allowing the General Assembly to enact laws authorizing the governing body of any county to define territorial areas and levy additional property taxes in those areas. Fire protection services were among the handful of purposes for which the General Assembly authorized counties to establish special tax districts. A Fire Service District was one form of an allowable special tax district.

The basic methodology to establish a Fire Service District was as follows:

- In determining whether to establish a proposed fire service district, the Board of Commissioners shall consider the following:
 - Resident/seasonal population and population density in the proposed district,
 - The appraised value of property subject to taxation in the proposed district,
 - The present tax rates of the county,
 - The ability of the proposed district to sustain additional taxes necessary to support the proposed districts and
 - Any other matters that the Commissioners believe to have bearing on whether the district should be established.

- The Board of Commissioners may establish a service district if, upon the information and evidence it receives, finds that all of the following apply:
 - That there is a demonstrable need for providing one or more of the services in the district,
 - That it is impossible or impracticable to provide the services on a countywide basis,
 - That it is economically feasible to provide the proposed services in the district without unreasonable or burdensome annual tax levies and
 - That there is a demonstrable demand for the proposed service by persons residing in the proposed district.
- The Board of Commissioners must cause to be created a report that contains the following:
 - A map of the proposed district showing the proposed boundaries,
 - A statement showing that the proposed district meets the standards and findings discussed above and
 - A plan for providing the proposed fire service.

The report shall be available for public inspection in the office of the Clerk to the Board for at least four weeks before the date of the public hearing.

- The Board of Commissioners shall hold a public hearing prior to adopting a resolution creating a new fire service district. The hearing and notice requirements are as follows:
 - Notice of the public hearing must be provided not less than one week before the hearing,
 - The public hearing notice shall state the date, hour and place of the hearing. The notice shall contain the subject matter, a map of the proposed district and a statement that the report referenced above is available for public inspection at the office of the Clerk to the Board.
 - In addition, the notice shall be mailed at least four weeks before the hearing to all residents of the proposed district shown on country tax records.
- After the public hearing, the Board of County Commissioners may consider a resolution establishing the fire service district. The resolution defining a service district shall take effect at the beginning of a fiscal year commencing after its passage.

The actual tax rates for service districts are adopted in the budget ordinance during the normal budget process.

The county established two fire service districts: Cashiers-Glenville Fire Service District and Highlands Fire Service District. The county contracted with these departments to provide fire protection services in these districts.

(c) Creating a Rural Fire Protection District: A Rural Fire Protection District was the other form of an allowable special tax district for fire services. The basic methodology to establish a Rural Fire Protection District was as follows:

- The Board of Commissioners must receive a petition signed by 35% of the residents who live and own property within the proposed district. North Carolina Law sets the maximum tax rate at \$0.15 per \$100 assessed valuation of taxable property. Petition may not reference a lower maximum rate.
- Upon receipt of a valid petition, the Board of Commissioners must call an election within the proposed district on the question of whether or not the county may levy a special property tax to fund fire services within the district. The language on the ballot must reference the maximum levy rate of \$0.15.

- If approved by the voters, the Board of Commissioners must establish the rural fire protection district.
- The rural fire protection district is a municipal corporation that is a separate legal entity from the county.
- A fire protection commission must govern the established district. The Board of Commissioners may either appoint themselves to serve as the commission or appoint a three-member board comprised of qualified voters who reside in the district.
- The Board of Commissioners retain authority over setting the tax rate annually through the normal budget process.

The county did not have an active Rural Fire Protection District.

(d) In order for the Fire Service District to be created to be effective July 1st, the timeline would need to be:

- Board to make a decision to proceed forward with the notification and the public hearing at the April 6th meeting
- Notice would need to be mailed out four weeks prior to the public hearing
- Public hearing would need to be held in May
- Cullowhee Volunteer Fire Department Fire Tax Resolution to be adopted by the first of June
- Adoption of the budget June 15th

He recommended placing this item to the March 16th regular meeting agenda for further discussions.

Chairman McMahan stated that the Board was not in a position to make a decision that day. They just received the information and he agreed, he thought they should put the item on the March 16th agenda for further discussions. That would give them an opportunity to take the proposal, evaluate it and come back to start further dialogue to see which direction they wanted to go.

He appreciated Cullowhee's patience. They had a conversation some time back and he said then that he really did not want to take the opportunity to discuss this until after they had a building, because he knew it would be a huge cost driver in the conversation. It would have been premature to try and talk about transitioning to a full-time department and having paid staff in an old facility and build a new building at the same time. He asked that they would hold off until the facility was built. He was ready to look at this now and see what they could do.

Commissioner Woody stated that she thought it would be important for them going forward that the conversation was that it was not because of the building that they needed the fire tax. They needed the fire tax because they needed full-time employees that would keep the community safe. She thought the problem would be perception if people thought it was because of the building and now they had to pay for it. No, that was taken care of. They needed full-time staff to keep the community safe.

Commissioner Jones stated that residents would save on homeowner's insurance and the fire department would be able to start assisting with medical calls again.

General discussions were held.

Informational item.

(6) OTHER BUSINESS:

(a) Commissioner Woody stated that Circles of Hope was taking the lead to bring together nonprofit groups regarding food insecurities. Dr. Kelli Brown, Chancellor of Western Carolina University, was on the Circles of Hope Board and she agreed to host a get together for the groups. She would inform the Board of the details as that moved forward. They were hopeful this would facilitate not duplicating services and make sure the vulnerable, food insecure people's needs were met.

Informational item.

(b) Commissioner Woody stated that the Litter Task Force would be having a Clean Sweep event on April 11th-17th, which was the first week of the statewide two-week Clean Sweep event. They were going to make a huge push as there was a lot of litter. Some had been picked up by contract workers, but at a meeting that past Wednesday, Mr. Lee from DOT stated that the contract litter pickup had dropped because of DOT finances. They were going to take on that responsibility in the county and communities and ask citizens to step up and participate.

Informational item.

(c) Commissioner Jones inquired if anyone had heard from the state about Highway 107 from past Highway 281 to Cashiers? Was that on a list? Recently, he saw that the state gave out money for roads, but Highway 107 was not included.

Chairman McMahan stated that he would check on that.

Informational item.

There being no further business, Commissioner Woody moved to adjourn the meeting. Commissioner Jones seconded the Motion. Motion carried and the meeting adjourned at 3:22 p.m.

Attest:

Approved:

Angela M. Winchester, Clerk to Board

Brian Thomas McMahan, Chairman